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April 11 1958

In reply refer to
BP

Dear Mr. Medina:

Reference is made to Mr. Joseph J. Madrugá's letter of August 27, 1957, requesting that consultation be held between the United States and Japan pursuant to Article XVIII of the Treaty of Friendship, Commerce and Navigation with respect to restrictive business practices affecting Japanese tuna exports. Mr. Madrugá's letter was acknowledged on September 14, 1957, and the Department has been in communication with the Tunaboat Association at various times since that date with regard to Mr. Madrugá's request and related matters.

The United States has long recognized the adverse effects which restrictive practices in international trade may have on its own economy. Our antitrust laws, for example, have always applied to restrictions on our foreign commerce as well as our domestic commerce. Thus many of our recent bilateral treaties of friendship, commerce and navigation contain a provision relative to restrictive business practices. The inclusion of such a provision in the treaty with Japan (Article XVIII) was designed to facilitate consultation between the United States and Japan concerning restrictive business practices with a view to eliminating or minimizing these practices and thus bringing about an increased flow of trade between the two countries.

The Tunaboat Association has requested that the United States Government consult with the Japanese Government under Article XVIII of the Treaty with a view to that Government taking such measures as are deemed to be appropriate to eliminate the harmful effects

Mr. M. Machado Medina, President,
American Tunaboat Association,
1 Tuna Lane,
San Diego 1, California.

DEPARTMENT OF STATE
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upon the tuna trade between the two countries" arising from the business practices of the two Japanese export associations "in conjunction" with certain agencies of the Japanese Government. Careful consideration has been given to the request of your Association, taking into account all relevant facts assembled by the Department of State in consultation with other interested Government agencies.

As you know, the business practices of the Japanese export associations about which your Association has complained were instituted in 1952 and 1953 largely as a result of expressions of concern by various representatives of the United States tuna industry about imports of Japanese tuna. In its examination of the background of the problem of Japanese tuna imports the Department has noted that there are a number of groups in the United States tuna industry with diverse interests as regards imports of Japanese tuna. Apparently the views of some of these groups regarding the elimination of Japanese controls on tuna exports differ from those of the Tunaboat Association. While this is one significant aspect of the Tunaboat Association's request which is of concern to the Department, the primary consideration is the relationship of the Association's request to its clearly stated desire to restrict imports of Japanese tuna by other means. In effect the Tunaboat Association has suggested that the United States Government should consult with the Japanese Government and ask that Government to take action which would have the apparent object of increasing Japanese exports. At the same time the Tunaboat Association is supporting pending bills which would have the object of restricting tuna imports into the United States. In the circumstances the action requested by the Association could not be taken without placing the United States Government in an ambiguous position where its good faith could be questioned by the Japanese Government.

It is the conclusion of this Department, therefore, that, unless there are factors in the situation which have been misunderstood or about which it has not been fully informed, consultations under Article XVIII of the Treaty of Friendship, Commerce and Navigation would not be appropriate at this time.

As you may know, this Department together with other executive agencies is studying the matter of Japanese tuna exports as part of the extensive examination of the situation of the United States tuna industry. It is anticipated that the report of the Tariff Commission's investigation of the tuna industry under Section 332 of the Tariff Act of 1930 will be published soon. This report should provide necessary additional information to determine what next steps may be indicated in the interest of all parts of the United States tuna industry.

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In conclusion may I say that the Department of State has worked closely with other interested Government agencies in the past in attempts to find solutions to problems of the United States tuna industry. You may be assured that we will continue to do so.

Sincerely yours,

W.T.M. Beale
Deputy Assistant Secretary
for Economic Affairs

Res pph
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4/7/58

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Cleared in draft: *W T M*

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S/S CR *pph*

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